

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
September 29, 2005  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Thursday, September 29, 2005 Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3<sup>rd</sup> floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, Eugene Winkler, and James Sullivan.

The meeting convened at 10:05 A.M. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Investigations concerning applicants and licensees;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Personnel matters.**

Member Winkler seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open session at 1:40 P.M.

Administrator's Report

Interim Administrator Tamayo announced that the Board would hold its October regular Board meeting on October 14, 2005 in Chicago.

Interim Administrator Tamayo announced that there would be a Special meeting on October 18<sup>th</sup> in Rock Island, at which time the Board would tour Casino Rock Island. Interim Administrator Tamayo stated that the Board would travel to Peoria on October 19<sup>th</sup> to tour Par-A-Dice Casino.

Interim Administrator Tamayo announced the agenda items for today's (September 29, 2005) meeting that were tabled for a future meeting.

### Owner Licensee Items

Penn National Gaming Inc. – Request to Purchase Argosy Gaming Company – Key Person – Cid Froelich was present on behalf Penn National.

Chairman Jaffe stated that he knows that it has been a long journey for Penn National, Argosy, and the Board. Chairman Jaffe stated that the Board has worked very diligently on this issue. Chairman Jaffe stated that the Board appreciates the fact that Penn National understood the Board's concerns and worked with the Board as best as it could. Chairman Jaffe stated that the Board has come to an agreement that Penn National could live with and the people of the State of Illinois could live with.

Member Gardner offered the following resolution:

**WHEREAS**, on November 3, 2004, Penn National Gaming, Inc. ("Penn"), and Argosy Gaming Company ("Argosy") entered into an Agreement and Plan of Merger;

**WHEREAS**, pursuant to the Illinois Riverboat Gambling Act (the "Act") and the Illinois Gaming Board Adopted Rules (the "Rules"), Penn National submitted an application in order to receive the Illinois Gaming Board's ("IGB") approval to merge with Argosy and acquire ownership of Empress Casino Joliet ("Empress") and Alton Belle Casino ("Alton");

**WHEREAS**, Penn is desirous of expediting the closing of the Merger;

**WHEREAS**, in exchange for the IGB's immediate approval of the Merger, Penn requests IGB approval to sell the Empress and Alton, pursuant to terms incorporated in the Penn-Argosy Merger Approval Agreement;

**NOW, THEREFORE,**

**BE IT RESOLVED**, that the IGB approves the Merger of Penn and Argosy;

**BE IT FURTHER RESOLVED** that Penn and the IGB have entered into the Penn-Argosy Merger Approval Agreement, a written agreement describing the terms under which Penn shall divest its ownership of the Empress and Alton;

**BE IT FURTHER RESOLVED** that the Board delegates authority to the Administrator to execute the Penn-Argosy Merger Agreement.

**BE IT FURTHER RESOLVED** that Penn shall comply with all provisions of said Agreement.

Member Gardner moved to adopt the foregoing resolution.

Further, Member Gardner moved that **the Board approve Penn National Gaming, Inc.’s request for approval of its pending financing and delegate to the Administrator, under Board Rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents. I move that the Board approve the \$2,725,000,000 Credit Agreement among Penn National Gaming, Inc., the Subsidiary Guarantors party thereto, the Lenders party thereto, the LC Lenders party thereto, Deutsche Bank Securities Inc., Goldman Sachs Credit Partners L.P. and Lehman Brothers Inc., as Joint Lead Arrangers and Joint Bookrunners, Goldman Sachs Credit Partners L.P. and Lehman Commercial Paper Inc., as Co-Syndication Agents, Deutsche Bank Trust Company Americas, as Swingline Lender, Administrative Agent and Collateral Agent, and Calyon New York Branch, Wells Fargo Bank, National Association, and Bank of Scotland, as Co-Documentation Agents and approve Alton Gaming Company and Empress Casino Joliet Corporation as subsidiary guarantors under Penn National Gaming, Inc.’s existing indebtedness.**

**Further, the Board designates and approves the following entities, positions and persons as Key Persons of Alton Gaming Company and Empress Casino Joliet Corporation upon execution of the merger:**

- 1. Penn National Gaming, Inc.;**
- 2. Argosy Gaming Company, Inc.;**
- 3. Director(s) of Alton Gaming Company;**
- 4. Director(s) of Empress Casino Joliet Corporation;**
- 5. President of Alton Gaming Company;**
- 6. President of Empress Casino Joliet Corporation;**
- 7. Executive Vice President of Operations of Penn National Gaming;**
- 8. Regional Director/Internal Audit – Midwest Region;**
- 9. Peter M. Carlino; and**
- 10. Kevin G. DeSanctis.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call.

Casino Queen, Inc. – Barge Construction Project – Tom Monahagn, General Manager, was present on behalf of Casino Queen to provide an update on Casino Queen’s proposed new gaming facility and to request initial consideration of its request to relocate off of the river and the financing of the new facility. Mr. Monahagn stated that Casino Queen has submitted materials to the Board and Staff.

Jeff Watson, Attorney, was present on behalf of Casino Queen to discuss the financing of project.

Casino Rock Island – D. James Jumer – Estate Planning – Transfer of Shares to James A. Jumer, Sylvia M. Wicks, John A. Jumer – Donna More, Attorney, was present on behalf of Mr. Jumer to request initial consideration to transfer some of his shares in Rock Island to his children. Ms. More stated that Mr. Jumer has submitted documents to Staff for their review and would be in touch with Staff to address any concerns that they may have.

Ms. More stated that Casino Rock Island looks forward to the Board's visit next month to tour the casino and discuss its expansion and relocation.

Member Gardner requested that Ms. More relay to Casino Rock Island that the Board is anxious to see if they have achieved an agreement with their neighbor – the Big Island River Conservancy District.

Member Winkler stated that the Board has received two letters from ChrisTina Kost, Big Island River Conservancy District, stated that they have not received the information that they requested from Casino Rock Island.

Ron Wicks, General Manager, Casino Rock Island, stated that Casino Rock Island has been in contact with Ms. Kost and has provided her with the information that she requested. Mr. Wicks stated that Casino Rock Island has invited Ms. Kost to the site to do a walk through now that the reclamation part of the project is completed. Mr. Wicks stated that Casino Rock Island would make sure that Ms. Kost has had an opportunity to come out to the site by the time the Board visits the casino.

Par-A-Dice – William S. Boyd – Estate Planning – Transfer of Shares to Samuel J. Boyd, Marianne E. Johnson, and William R. Boyd – Donna More, Attorney, was present on behalf of Mr. Boyd to request initial consideration to transfer some of his shares in Par-A-Dice to his children as part of his estate plan. Ms. More stated that documents have been provided to Staff for their review and that she would be in touch with Staff to address any concerns that they may have.

#### Supplier Licensee Item

PDS Gaming – License Renewal – Donna More was present on behalf of PDS Gaming for license renewal.

Based on the staff's investigation and recommendation, Member Winkler moved that **the Board approve the Supplier's license of PDS Gaming Corporation for a term of 4 years commencing retroactively to December 2004.**

**PDS is granted approval to provide the following gaming equipment to Illinois licensees:**

- **Financing and leasing options of electronic gaming devices and sell and/or lease reconditioned electronic gaming devices.**
- **Parts for electronic gaming devices authorized for sale by the Administrator pursuant to the Riverboat Gambling Act and the Illinois Gaming Board Adopted Rules.**
- **Additionally, each and every used electronic gaming device offered to Illinois casinos must be first individually tested by an independent gaming laboratory.**

Further, based on the staff's investigation and recommendation, Member Winkler moved that **the Board certify and approve the following positions and people as Key Persons of the licensee:**

- 1. Chief Executive Officer;**
- 2. Chief Operating Officer/President;**
- 3. Johan P. Finley; and**
- 4. Peter D. Cleary.**

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licenses Approvals & Denials

Based on staff's investigation and recommendation, Member Winkler moved that **the Board approve 44 applications for an Occupational License, Level 2, and 188 applications for an Occupational License, Level 3.**

Further, Member Winkler moved that **the Board direct the Administrator to issue Notices of Denial to the following three applicants for Level 2 & 3 licenses, each of whom previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut that recommendation:**

- 1. Victor Salee;**
- 2. Christine Adams; and**
- 3. Pauline Pollard.**

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

## Proposed Complaints and Disciplinary Actions

- John Chandler, Cashier

Based on the staff's investigation and recommendation, Member Winkler moved that **the Board issue a Disciplinary Complaint against John Chandler, a Level 2 Occupational Licensee, for failing to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to his admission that he stole money from his employer, Harrah's Joliet Casino by underreporting his admission ticket sales and retaining the unreported revenue.**

Further, Member Winkler moved that **the Board revoke Mr. Chandler's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

At 2:00 P.M. Member Gardner moved to **reconvene to closed session.** Member Sullivan seconded the motion. The Board approved the motion unanimously by voice vote.

The Board adjourned at 3:00 P.M.

Respectfully submitted,  
Monica Thomas

Secretary to the Board